

**Statement of Congresswoman Sue Kelly
Subcommittee on Housing and Community
Opportunity Hearing on; “Technical Assistance and
Capacity Building Programs to Promote Housing and
Economic Development”**

Tuesday, September 17, 2002; 2:00 p.m.; 2128 Rayburn

Today the Subcommittee will examine technical assistance and capacity building programs, crucial tools in addressing the needs of low-income individuals and communities. This hearing will help us understand how technical assistance is used, what changes, if any, are needed to make it more cost effective, and whether additional resources are necessary.

The Department of Housing and Urban Development provides technical and capacity building assistance to state and local governments, public and Indian agencies, private and non-profit organizations, and individuals. HUD administers 21 technical assistance programs through five program offices. The annual funding for HUD technical assistance is around 1 percent of HUD’s overall budget each year which ranges from \$128 million to \$201 million. The general purpose of this technical and capacity building assistance is to help program participants carry out HUD program goals.

The terms “technical assistance” and “capacity building” are often used with some imprecision. For this reason, last year, on July 12, 2001, Chairwoman Roukema requested the Government Accounting Office (GAO) to conduct a review of technical assistance and capacity building programs at the Department of Housing and Urban Development. Chairwoman Roukema thought the Committee would benefit from a better understanding on the scope and purpose of these programs. Today GAO will give us a preliminary report on their findings regarding technical assistance.

Today's hearing will largely focus on Community-based Development Corporations (CDC's), organizations that are the primary recipients of technical and capacity building assistance. There are over 3,600 CDC's in the U.S., located in almost every large and medium sized city in the nation as well as in many rural communities. They are frequently the most productive developers of affordable housing in low-income communities and are instrumental in meeting the human needs for individuals and communities. In fact, in many communities, government has turned to CDC's as the primary vehicle to rebuild distressed neighborhoods.

CDC's are generally small organizations, with an average annual budget of \$200,000 to \$399,000 and a median staff size of six. Because of the increasingly complex nature of funding procurement and execution of community revitalization programs, CDC's often require outside help. These organizations also tend to have frequent staff turnover and a resultant need for training funds. Consequently, technical and capacity building funds are essential to their existence.

We are pleased to have with us today Congresswoman Stephanie Tubbs Jones, a representative of the GAO to discuss the findings of their study, and witnesses from several community-based development groups. We thank all of our witnesses for taking the time out of their busy schedules to share their thoughts on this issue and look forward to discussing these issues with them.